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John Chrastka
EveryLibrary, john.chrastka@everylibrary.org

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A Progressive Era Eulogy for Libraries

John Chrastka

“It is incumbent upon us to advance our own infrastructure policy agenda to ensure that libraries are part of the next round of spending in this country.”

At this current political moment, we need to remind ourselves that public libraries today are largely funded through tax policies that were created in the Progressive Era and extended during the Great Society period. A progressive approach to taxation supports a wonderfully American idea that local and state government are service providers, and we should tax ourselves accordingly to fund the common good. Without a system of local taxation that is either based on property, sales, or income, core functions of government such as education, livability, and infrastructure would not exist.

Throughout the country, free public libraries have historically been seen as a key component of the basic package of local government services. Likewise, the state and regional systems which support libraries and that have come into existence largely because of a Great Society-influenced approach are seen as a positive way to use federal funding to equalize library services across economic or social lines. Funding through the Library Services and Technology Act (LSTA) has, since its inception, been intended to supplement and not supplant state and local funding for library services, though the need to use federal money to backfill state library and system budgets is well known. Interlibrary loan is, at its core, a 50-year-old experiment in tax equalization between rich and poor places in the form of moving materials from place to place. That said, federal support for state-level issues like education and libraries is a relatively recent development. And it is becoming more and more precarious in the current political climate.

With the 2017 tax reform law, basic tenants of our Progressive Era tax scheme have been upended. For example, individual deductions for State and Local Taxes (SALT) that had been a bedrock part of the federal tax code since its inception in 1913 have been dramatically limited. Limiting those deductions is part of a whole-cloth approach by the Trump Administration and Congress to shift responsibility for government from Washington, D.C. to the states. And in limiting SALT deductions, they are also using policy to force higher-taxing localities and states to directly confront their tax burdens and not hide it within a federal deduction. Libraries will feel the pinch of those perceived-as-higher taxes when going out for new or even renewed revenues.

Lawmakers have likewise challenged the basic principles of the Great Society by undertaking a systematic process to dismantle the role of the federal government in ensuring equity and access for all its citizens. While this process of unraveling federal programs and funding began under President Reagan, it has advanced by an order of magnitude with this current Administration and Congress. From the rollback of regulations across many federal departments to dismantling the individual mandate in the ACA and to loosening prescriptive protections of student populations across K-12 and higher education settings, we are seeing the movement toward a renewed federalism take hold.

The Progressive Era and the Great Society approaches to funding the federal government are coming to a dramatic end. With it, we have seen a direct threat to IMLS and LSTA funding in the last two federal budget proposals. The federal budget for libraries was, until recently, considered safe1. The pressure on library budgets at all levels of government will continue to grow as the 2017 tax law curtails the amount of revenue available to programs across all parts of the federal discretionary budget. Library leaders must anticipate these changes or face real, significant, and potentially catastrophic consequences. The policy shift from Progressive Era and Great Society to Libertarian and Tea Party is internally cohesive, well supported across society, and will be ongoing despite inevitable setbacks. One approach in this shift away from public taxes to fund public entities is that being advanced by Speaker of the House Paul Ryan (R–Wis.) and his allies at the Heritage Foundation, Hoover Institute, and other think tanks, who are seeking to change the role of the federal government from direct involvement in developing, supporting, evaluating, and advancing policy to simply being a checkbook. A little discussed, but potentially devastating policy shift for libraries is the movement toward Social Impact Financing that the Speaker has been espousing for some time. In his budget framework titled, “A Better Way,” Speaker Ryan defines

“Social Impact Financing” (SIF) as:
...a financing mechanism used to raise private-sector capital to expand effective social programs. Under this model: 1. Government determines a desired social outcome and agrees to pay for that outcome; 2. An intermediary identifies a service provider, arranges for private investors to fund the services, and monitors progress. 3. If the agreed-upon outcome is achieved—usually a cost savings or a socially beneficial result—the government reimburses the intermediary (who pays investors) for its expenses plus a return based on the program’s success. If the outcome is not achieved, the government does not pay.

The Better Way budget framework goes on to say that “SIF shifts the risk of achieving the outcome from the government to the private sector, as taxpayer funds are spent only if desired outcomes are achieved.” The Speaker continues to make an argument that Social Impact Financing can, through competition between service providers, drive innovation and increase accountability. Please note that the “service providers” the Speaker of the House envisions delivering these social outcomes are all private entities.

Currently, when a library system is taken private in this country by local elected officials, the value proposition for local government and its voters is limited to “turn-around” or “worse-case” scenarios. The threat that is described focuses on a “privatize it or lose it” model of library services. What could happen to libraries when Social Impact Financing has the rule of law behind it across the country? In the education sector, we have had years of charter schools being first framed as a turn-around solution for failing schools then being adopted as a natural and normal way to deliver private education for profit using public money. Our industry recognizes and espouses the merit of keeping a public library public precisely because of the equalizing force that universal access and accommodation have on society.

Take for example the significant threat to Title III of the Americans with Disabilities Act (ADA) that we are seeing in the current Congress in H.R. 620, the so-called “ADA Education and Reform Act.” Title III is the ADA section that covers public accommodation by private corporations (i.e., businesses or service establishments that are open to the public like grocery stores, doctors’ offices, recreation facilities, private schools, and even homeless shelters) from discriminating against people with disabilities, mainly their facilities. H.R. 620 is designed to reduce opportunities for affected individuals or populations to go through administrative processes or judicial review to seek remediation of these physical barriers. The attack on Title III of the ADA comes at an interesting time. If the shift to privatized government services continues through Social Impact Financing and other similar policies, watering down the rights of minority or vulnerable groups within areas of public accommodation will make it more attractive for corporations to assume the role of government without the legal or Constitutional need to equalize or accommodate.

The impact of the 2017 tax bill on families and communities is only starting to be understood. At a macro level, 41 states currently have “conformity” with the federal tax code. Because the 2017 tax bill was the first comprehensive change to the tax code since 1986, some level of evaluation or overhaul of each of those state tax systems will take place over the next few years. If your state is contemplating a significant reworking or reevaluation of your basic tax laws, it is important for library leaders to do more than we usually do with important bills and policies, which tends to be “monitor then react.” As the federal changes are implemented and felt by families, small businesses, major corporations, and the nonprofit sector, we have a unique and important opportunity to see if we can align the future of library services with the future of public funding and revenue. Each state will make a decision about continued conformity, but any library specific policy proposals will remain within each state’s revised tax code.

As the third decade of this century starts to come into clearer focus, library leaders need to actively look for new sources of revenue at the state and local levels. We need to move beyond the currently established property tax or sales tax systems in each state to initiate a new discussion about revenue for library programs, services, collections, staffing, and facilities. There are several categories of tax revenue that are available to states including: Sales and Use Taxes, Personal Income Tax, Corporate Income Tax, Fees on Public Utilities, Insurance and Banking

Fees, Tax on Alcohol and Tobacco, Severance on Natural Resources, Gaming and Pari-Mutuel taxes, Motor Fuel Excise tax and Vehicle Registration fees, and state Property Taxes (Perez, 2008). As every resident of the seven states that do not currently have a state Income Tax can attest, the application of each of these taxes, fees, or levies is uneven around the country. What type of local and state taxes your state currently has available should be well known to library thought-leaders. The question of what types of current or new taxes that could be utilized to fund libraries can only be opened to re-imagining by us. When the post-2017 state tax codes are reconsidered, library leaders need to be at the table.

I believe that the best course of action for library leaders is to engage with the upcoming reforms to state and local tax policy in full force, and to make our own tax policy recommendations alongside other stakeholders. For example, can we position libraries as a proper beneficiary of funding from “sin taxes” like gaming expansions and recreational marijuana or a “millionaires tax” on capital gains and luxury items to not only find pragmatic sources of new revenue but also help policymakers smooth out the rough edges of new policies. It is incumbent upon us to advance our own infrastructure policy agenda to ensure that libraries are part of the next round of spending in this country. In some cases, there may be reasonable and limited Public-Private Partnerships that can provide financing for new or renovated libraries. In every case, library leaders need to become experts in public finance and public tax policy to survive and thrive.

About the Author
John Chrastka is the Executive Director of EveryLibrary. Reach him at John.Chrastka@everylibrary.org.